

Minutes of the Finance Committee Meeting

The Finance Committee of the McLean County Board met on Tuesday, September 4, 2001 at 5:30 p.m. in Room 700 of the McLean County Law and Justice Center, 104 W. Front Street, Bloomington, Illinois.

Members Present: Chairman Sorensen, Members Rodman, Arnold, Kinzinger, Berglund

Members Absent: Member Renner

Staff Present: Mr. John Zeunik, County Administrator; Mr. Terry Lindberg, Assistant County Administrator; Ms. Lucretia Wood, Human Resources Assistant, County Administrator's Office

Elected Officials/

Department Heads: Mr. James Boylan, Treasurer; Ms. Rebecca McNeil, Assistant Treasurer; Mr. Don Lee, Administrator, McLean County Nursing Home; Ms. Jackie Dozier, County Auditor; Mr. Walter Hunt, Internal Auditor, County Auditor's Office; Mr. Derrick Love, Chief Deputy Sheriff, McLean County Sheriff's Department; Ms. Ruth Webber, Recorder; Ms. Shawn Walker, Director, MetCom; Mr. Charles Reynard, State's Attorney; Mr. Bob Kahman, Supervisor of Assessments

Chairman Sorensen called the meeting to order at 5:32 p.m.

Chairman Sorensen stated that if there were no objections, the minutes of the August 7, 2001 meeting would be approved and placed on file as presented.

Ms. Shawn Walker, Director, MetCom, presented a request to fill a newly created position, Emergency Communications Supervisor, above the mid-point for grade 9. Ms. Walker explained that the reason for the request is that the PAS salary and Compensation Study did not take into consideration the salaries of union employees. If a person were hired or promoted to the Emergency Communications Supervisor, the employee's salary would be considerably less than the union employees that the person is supervising would. The starting salary would not attract outside applicants with experience.

Mr. Lindberg noted that a current employee promoted into the position would not be eligible to collect overtime. This person would move from the Collective Bargaining Unit with overtime to an exempt position, which result in a wage cut for the employee.

Mr. Rodman asked why this request is at step 43 and the two previous supervisor positions were hired at step 53. Ms. Walker replied that the earlier employees promoted to the supervisor positions had managerial experience.

Motion by Rodman/Berglund to recommend approval of a request to fill a newly created position, Emergency Communications Supervisor, above the mid-point for grade 9. Motion carried.

Mr. Don Lee, Administrator, McLean County Nursing Home, presented the Monthly and Statistical Reports for the Nursing Home. The census was up for the month of July due to an increase of Medicare patients. However, many of the Medicare patients have checked out. The census is currently at 135.

Mr. Rodman thanked Mr. Lee for providing the additional census reports for 1999 and 2000. The census reports show that 30 percent of Nursing Home residents were private pay in 1999 and 2000. This year the private pay census is 27.65 percent.

Motion by Rodman/Arnold to recommend adjusting the budget formula for calculating the interfund transfer from FICA, IMRF, and Tort Judgement from 85/15% to 75/25%.

Mr. Arnold asked if the Social Security fund includes Medicare. Mr. Zeunik replied that Medicare is included in the fund.

Mr. Kinzinger asked how the adjustment would change the daily private pay rate. Chairman Sorensen replied that the adjustment would not effect the daily private pay rate. Mr. Rodman explained the adjustment would affect the reimbursement amount received from the tax levy by \$40,000.00. Under the current policy, private pay residents are paying twice, once in their property taxes and then in the daily private pay rate. Mr. Lee stated that the adjustment would reduce the Nursing Home's bottom line. Mr. Rodman stated that when the current policy was established, the census was 85% Medicare residents and 15% private pay residents. Making an adjustment in the formula to 75% Medicare residents and 15% private pay residents more accurately reflects the present census.

Mr. Kinzinger asked if the revenue to the Nursing Home is reduced, wouldn't the Nursing Home be operating in the "red". Mr. Lee replied that the adjustment would reduce the retained earnings for the year. The Nursing Home would be closer to breaking even.

Mr. Kinzinger asked what Mr. Rodman's motivation is for making the motion. Mr. Rodman replied that the formula needs to be corrected. Mr. Kinzinger asked if this is an incremental step to further changes. Mr. Rodman replied that making the adjustment is righting a wrong, although, he may bring additional changes before the Committee at a later date. Mr. Kinzinger stated that he could support this motion, but may oppose

additional motions. Mr. Rodman stated that Mr. Kinzinger could vote against additional motions.

Mr. Lee stated that the census has recently dropped. The census was at 140. Ten residents were discharged and there are five new residents. The current census is 135 residents. Many have been classified as Medicare patients.

Chairman Sorensen asked if there were any further questions. Hearing none, Chairman Sorensen called for a vote on the motion.

Ms. Berglund votes "no".

Motion carried.

Ms. Rebecca McNeil, Assistant County Treasurer, presented the County Treasurer's Report as of August 31, 2001, the Investment Report as of August 31, 2001 and the Employee Benefit Fund Report as of August 31, 2001.

Ms. McNeil stated that interest rates are continuing to fall. Chairman Sorensen asked how the actual revenue compares to the projected revenue in the budget. Ms. McNeil stated that last year at this time; the interest accrued totaled \$246,275.57. At this time, interest earnings total \$250,998.50. The Illinois Funds are currently paying a 3.775% interest rate. Sweep accounts are above average; Merrill Lynch is below average.

Chairman Sorensen stated that the report shows a \$60,000.00 decrease from last year. Ms. McNeil stated that funds have not been adjusted yet for delinquent taxes. Last year, the account had \$76,000.00 in it. Funds are not moved until November, after the tax sale.

Mr. Arnold noted that there are three large Certificate of Deposits that are coming due this month, which will reflect in the year to date interest. Chairman Sorensen stated that he pointed out the decrease to remind the Board that the County can not count on all the interest in investment revenue at budget time.

Mr. Arnold asked why no Certificate of Deposits have been purchased since July 3, 2001. All of the Certificate of Deposits are paying more interest than the money market accounts. Mr. Boylan replied that he met with the Bank of Illinois in Normal. The bank offered 3 percent interest for 30, 60, or 90 days. The market may drop again, so money was put into Sweep accounts instead.

Ms. McNeil stated that most Certificate of Deposits are long-term. Once the second installment property taxes are collected, then the County can make some long-term

investments. Last week, \$13 million was processed in tax payments. First installment is 97 percent collect. Second installment is 21 percent collected. The General Property Tax is down from last year. At this time last year, two distribution had been made based on an earlier due date. The first second installment distribution for this year will be made by September 7, 2001.

Mr. Arnold asked if the Money Market Accounts are insured. Mr. Boylan replied that treasuries held by a third party guarantee the money.

Motion by Arnold/Berglund to accept and place on file the County Treasurer's Report as of August 31, 2001, the Investment Report as of August 31, 2001 and the Employee Benefit Fund Report as of August 31, 2001. Motion carried.

Ms. Jackie Dozier, Auditor, presented for the Committee's information an Ordinance amending and establishing County Officer and Salaried Employee Travel/Expense Reimbursement Policy for McLean County. The item is not for action. Mr. Rodman asked if the Ordinance is revised or if the Ordinance has been rewritten. Ms. Dozier replied that the Ordinance has been rewritten.

Mr. Rodman stated that on page 10, section 2.01, the Ordinance indicates that meals are eligible for reimbursement. Mr. Rodman asked if the reimbursement is taxable income. Ms. Dozier replied that it is not taxable income. Mr. Rodman stated that at State Farm, if there is no overnight stay, reimbursement for meals is considered taxable income. Ms. Dozier stated that in her experience, it is not taxable income. Chairman Sorensen stated that the Committee has discussed this before and sought advice from Legal Council. According to Legal, whether or not the reimbursement is considered taxable income is a policy decision.

Mr. Rodman noted that on section 3.1-4, page 12, if the policy states an individual has to cancel a prepaid event, for other reasons besides family emergency will allow for reimbursement. Ms. Dozier replied that there would be some flexibility allowed.

Mr. Rodman noted that on section 3.2-5, page 13, says that beginning and ending odometer readings should be taken to track mileage reimbursement for individuals using their own vehicle. This is a problem for individuals who are allowed to make personal errands in conjunction with business errands. Ms. Dozier stated that the most direct route should be taken and that computer data can be used to track mileage.

Mr. Rodman noted that section 5.2-6, page 18 allows for one personal telephone call per day. His experience is that hotel calls are very expensive. Ms. Dozier stated that she was charged \$10.00 for one minute for a phone call made at a hotel. Mr. Rodman stated that if an employee uses a personal credit card for calls, the bill might not arrive in time for

the 30-day cut off for reimbursement. Mr. Rodman recommended that the County purchase phone cards for employees to use. If the trip is 3 days or less, give them a 5-minute phone card, a 10-minute phone cards for trips longer than three days. Mr. Arnold stated that phone cards are a good idea. Ms. Berglund stated that she never submits a request for reimbursement for personal phone calls. Mr. Rodman stated that at State Farm employees buy phone cards at the Company store for use when travelling.

Mr. Rodman stated that in the paragraph above section 5.2-6, if an employee stays longer at a seminar to save money on a flight, the company pays for additional for the time there. If the employee benefits from this longer stay, it is taxable income. Ms. Dozier stated that if it is personal business and the person stays longer, it is taxable income, but if the employee is saving the County money by staying longer, the reimbursement is not taxable. Mr. Rodman asked if the employee is required to stay longer to save the County money. Ms. Dozier replied that the employee is not required to stay extra time to save money.

Mr. Arnold noted that on section 5.1-4, on page 17, provides a reimbursement schedule based on hours traveled. He asked what is the reason for this schedule. Ms. Dozier stated that the schedule is for partial day reimbursement. If an employee travels out of town for a half day, the employee is reimbursed for meals incurred. He asked why this schedule is necessary when a schedule is on the previous page. Mr. Zeunik stated that the schedule in section 5.1-4 is used to show what employees can submit reimbursement for. In the past, an employee would submit a reimbursement request for three meals on a short trip when the employee may have been able to have breakfast and dinner at home. The time period in which the employee is gone dictates the reimbursement. Mr. Arnold suggested that the policy be written in a more straightforward manner, so that it is easier for employees to understand. Chairman Sorensen commented that some County offices operate a 24-7 operation. Second and third shift workers may have meals at different times.

Mr. Rodman noted that section 4.1, page 14, says all vehicles should take the most direct route, but section 4.2-2 states that distance shall be determined by odometer readings. Ms. Dozier stated that the odometer readings could be taken out since many times the employees do not remember to take exact readings. Mr. Rodman agreed that the odometer readings are not necessary.

Mr. Berglund asked if the reimbursement for meals would be a \$40.00 flat rate. Ms. Dozier replied that the meals would be broken down for reimbursement by meal.

Mr. Rodman noted that page 19, personal items for reimbursement such as dry cleaning is not covered. Ms. Dozier stated that if something were damaged in a business setting, there would be flexibility in the policy.

Ms. Dozier asked the Committee for their opinion on other issues not yet added to the policy. Conference agendas must be submitted with all requests for reimbursement or travel payment advances. The agenda is needed to show the time and whether or not a meal is included. County owned vehicles should not be driven more than 100 miles, except for the Sheriff's Department and the Court Services Department. Another suggested change is to increase the reimbursement level for meals to \$10.00 for breakfast, \$12.00 for lunch, and \$20.00 for dinner in larger cities. The Committee agreed that the increase is reasonable.

Ms. Dozier stated that the Auditor's Office is having some problem obtaining timely receipts for travel advancement. Mr. Rodman asked if wages could be withheld from the employee's paycheck. Ms. Dozier replied that by law, wages could not be withheld.

Mr. Bob Kahman, Supervisor of Assessments, stated that the 2002 assessment year has begun. The Township Assessors are proactive. For the year 2000, only 10 taxpayers appealed their assessments to the State Property Tax Appeal Board. This is a tremendous success in a County as large as McLean County. In the past, as many as 800 taxpayers have appealed their assessments at the State level.

Chairman Sorensen asked Mr. Kahman to explain Farmland assessments. Mr. Arnold asked how much Farmland has come out of production the last 10 to 15 years and how has the Farmland Assessment fluctuated over the same time period. Mr. Kahman explained that, hypothetically, in three hundred years all farmland would be developed. Farmland is valued as a preferential assessment, not strictly based on market value. The value of farmland is based on income producing potential, which is measured by the costs to produce corn, soybean, wheat and oat crops. The market prices, the farm loan rate, and soil quality are included in the preferential assessment. The preferential assessment formula is calculated based on the prior five years, two years before the assessment. Next year's farmland assessments will be decreased ten percent from this year. This is a bad time for a taxing entity that relies heavily on farmland. The value of farmland is decreasing across the State. The market prices are bad and programs that supplement farmers are not being renewed. McLean County is blessed with residential, commercial and industrial areas. Farmland is only seven and half percent of the tax base. For the budget cycle, the County's total equalized assessed value is predicted by using trends. Each year, the final result is based on the actual amount divided by the predicted amount. The Committee should use the actual EAV each year to see what the value of the farmland is.

The shrinkage of farmland in production is not significant. Mr. Arnold stated that the City of Bloomington has taken 13 square miles of farmland out of production, which is a 30% increase in urban development. Mr. Kahman stated that Bloomington/Normal is thirty-five square miles. The total County is 11,035 square miles.

Mr. Kahman stated that there is a de-annexation lawsuit pending that may affect the County's revenue. The collar townships around the City of Bloomington sued to receive back parcels annexed to the City of Bloomington township. The parcels have been returned, but there have been two referendums regarding this issue. The case went to court last week and was assigned to another judge. The outcome of the case is important because it is prime residential areas. Until the case is settled, no one knows which township should assess the parcels. This could interfere with next year's tax cycle. Mr. Arnold stated that he is surprised that the Supervisor of Assessment is not allowed to assign a township to assess the property until a time that a court decision is made. Mr. Kahman explained that this case affects 4,000 parcels with at least 600 new homes. Assessing the new homes is time consuming.

Ms. Ruth Weber, County Recorder, responded to the Management Letter. All employees in the office index documents. This is necessary due to the large number of documents that come through the office every day. The Recorder's Office has only four employees. It is essential that the Recorder's Office stay up-to-date on a daily basis with recording documents. The employees do have other assigned duties; i.e.: filing, of UCC's, liens and Military Discharges; stamping of document numbers on concurrent pages of a document and document reproduction for the Assessor's Office and Document Reproduction accounts, and the return mailing of hard copies.

The Recorder's Office has never had \$300.00 to \$400.00 in cash come into the office on a daily basis. The average amount of cash coming into the Office on a daily basis ranges from \$20.00 to \$75.00.

Reconciliation of Revenue has been discussed with the Treasurer's Office. Beginning on September 17, 2001, daily deposits will be given to the Treasurer, rather than depositing them in the bank. A sheet will accompany the deposit showing currency, coin and check totals.

The State revenue stamps are reconciled to the stamp meter on a daily basis. This has been done for a considerable length of time. The stamp meter is reconciled to the general ledger. Ms. Weber suggested that the Internal Auditor check the ledger on a monthly basis.

Discussions have been held with the software vendor regarding computer safeguards. The safeguards will be installed September 17, 2001.

Mr. Arnold suggested that the Recorder have the Internal Auditor approve the method of transmittal of deposits from the Recorder's Office to the Treasurer's Office. Ms. Weber agreed.

Mr. Kinzinger asked why there is such a discrepancy between the number of dollars collected between the Internal Auditor Memorandum and the Recorder's response. Mr. Kinzinger stated that whether or not it is a lesser amount of money, it is important that the money be accounted for properly. Ms. Weber replied that the office does not take in \$300.00 to \$400.00 dollars a day. The cash that does come into the office is well taken care of.

Ms. Berglund stated that Mr. Walter Hunt, the Internal Auditor, feels that it is possible to segregate duties in the Recorder's Office.

Mr. Hunt stated that Ms. Weber is correct in the amount of money coming into the office. However, it is important that there be segregation of duties for cash handling. Mr. Hunt and Ms. Weber have not reached an agreement in regards to the segregation.

Mr. Kinzinger stated that Ms. Weber is allowed to manage her office independently from the County Board, but the segregation of duties is important when dealing with tax receipts collected in the Office. Mr. Kinzinger suggested that the Recorder continue to work with the Internal Auditor in order that segregation of duties is not an issue on the Management Letter next year. Ms. Weber stated that she would continue to work with the Internal Auditor to resolve the issue.

Mr. Arnold asked what changes would be made. Ms. Weber replied that she and Mr. Hunt have not agreed on the changes suggested by Mr. Hunt, but will continue to work with him until a resolution is made. Mr. Arnold asked where the disagreement is. If cash is missing from the Office and internal controls are not in place, the Recorder is responsible. Ms. Weber agreed that she would be responsible for any loss of cash. At the present time, cash and checks are reconciled at noon and at the end of the day against the computer register.

Mr. Rodman asked if Ms. Weber is concerned that if the internal controls were put in place that the office would fall behind. Ms. Weber replied that falling behind is her primary concern. Mr. Rodman suggested that the Recorder test a pilot program for a month to see if Mr. Hunt's suggestions would actually cause the Office to fall behind. Ms. Weber stated that if there was a month that was not as busy as the past several months, she would be happy to test Mr. Hunt's suggestions. The Office is currently processing 24% more documents than last year. Mr. Rodman stated that the Office might not fall behind. Changing processes does not mean the Office would fall behind. The Committee does not need Ms. Weber to commit indefinitely to the change, but the Committee does need to see a willingness to resolve the issue. Ms. Weber stated that she would continue to work with Mr. Hunt.

Mr. Arnold asked if the Recorder expects the increase in documents will abate. Ms. Weber replied that the number of documents coming into the Office is not expected to decrease. Mr. Arnold suggested that a request should be made for more personnel. Ms. Weber replied that there is not space in the Office for another employee. No new employees are being considered in the budget for Fiscal Year 2002.

Mr. Rodman stated that the outside auditor's reports states that there is no reconciliation between the physical revenue stamp inventory and the General Ledger. Mr. Rodman asked why the outside auditor is stating that there is no reconciliation to the General Ledger, when the Recorder Office stated that there is reconciliation. Ms. Weber that the ledger is checked every day against the physical inventory. Chairman Sorensen stated that the General Ledger that Ms. Weber is referring to is not the General Ledger that the outside auditor is referring to. Ms. Weber stated that all discrepancies are corrected. Mr. Hunt stated that the revenue stamps are tracked through account 0151-526-0001. Currently the balance for the account is \$37,044.44. The Recorder's Office requests a check once or twice a month to purchase revenue stamps. Once a week, Ms. Weber brings the receipts to record the sales of the stamps. As of last month, the General Ledger account should have had a balance of \$17,101.00. The balance in the general ledger should match the meter reading on the revenue stamp machine. The revenue stamp machine shows a balance of \$127.50. That does not mean that \$16,000.00 is missing. The last time that sales were recorded as a credit against the account. There have been sales, but because the sales are only recorded once a week, the revenue does not show. Mr. Hunt stated that he would work with Ms. Weber to put procedures in place to consistently reconcile the General Ledger. Chairman Sorensen stated that he wants to make it clear that the General Ledger is not being reconciled against the physical revenue stamp inventory. Mr. Hunt replied that the General Ledger is not being reconciled.

Mr. Rodman asked what safe guards are being installed. Ms. Weber replied that the vendor is installing special log-ins for each employee. A report will be run each day to show any corrections made to the transactions.

Mr. Kinzinger stated that he is pleased that the Internal Auditor and the Recorder are going to continue to work together to resolve the issues in the Management Letter. Mr. Kinzinger suggested that if the Recorder and Internal Auditor have problems resolving an issue that they come to the Committee for help. Chairman Sorensen asked for monthly updates from the both the Recorder and Internal Auditor. This is not an unusual request; the Committee has asked other department, in the past, to do the same thing. Chairman Sorensen thanked Ms. Weber for the progress that has been made so far. Ms. Weber invited the Committee to visit the Recorder's Office.

Mr. Charles Reynard, State's Attorney, presented the State's Attorney's response to the Management Letter. Mr. Reynard stated that the untimely filing of expenditure reports is

entirely his responsibility. The State's Attorney's Office will be pursuing an appropriate claim with the Illinois Court of Claims. For a number of years, the Office has run late filing the reports. The Illinois Criminal Justice Information Authority has been indulgent in allowing the Office to do so. Unfortunately, the Justice Authority can no longer allow this. The responsibility of filing the reports has been assigned to the Office Manager.

Mr. Arnold asked what justifications were given in the last two budget cycles for the request for additional office support. Mr. Reynard replied that workloads have increased. The Office Manager has had to track the grants. The Office Manager's available time has disappeared. More staff is needed to cover the workload and support administrative duties. The contractual employee has been used, however, this is not as effective as a permanent full-time employee.

Mr. Lindberg presented a request for a Contract for E-Procurement. Several bids were received. The two best were DemandStar by Onvia and Way2bid. The recommendation is for DemandStar by Onvia. There is no charge to McLean County for the service. Participating vendors pay for the services. The service will only be used for formal bids on large purchases. The services have the potential to increase McLean County's exposure to the market place and increase competition among vendors.

Motion by Arnold/Berglund to recommend approval for McLean County to enter into an E-Procurement Contract with DemandStar by Onvia.

Mr. Kinzinger abstained from voting.

Motion carried.

Motion by Kinzinger/Rodman to go into Executive Session for the purpose of discussing Collective Bargaining issues. Mr. John Zeunik, Mr. Terry Lindberg and Mr. Derrick Love to remain. Motion carried.

The Committee went into Executive Session at 7:15 p.m.

The Committee came out of Executive Session at 7:55 p.m.

Chairman Sorensen presented the bills, which have been reviewed and recommended for transmittal to the Finance Committee by the County Auditor.

Motion by Arnold/Rodman to recommend payment of the bills as presented by the County Auditor. Motion carried.

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There being nothing further to come before the Committee at this time, Chairman Sorensen adjourned the meeting at 8:00 p.m.

Respectfully submitted,

Lucretia A. Wood
Recording Secretary